

# Austria's Young Consumers Want Fun, Functional Foods

By Walter Krucsay

Consumers will no longer settle for bland, boring health foods. They want bright colors, fascinating flavors and nothing ordinary. Nowhere is this more the case than in Austria, where young people drive the demand for functional foods. In fact, health foods and related products may soon make up a full 20 percent of the country's entire food market.

"Austria has the twelfth-highest per capita income in the world, and that's one reason functional foods are gaining ground," said Allan Mustard, deputy chief of FAS' attache services for international support. Mustard recently returned to Washington, D.C. after serving as agricultural counselor at the U.S. Embassy in Vienna. "People buy basic foods when their income is limited; when they have more, they want special foods."

U.S. exporters, however, will need creativity as well as taste to please this crowd.

## Make It Special, Make It Just for Me

Austria produces most of its food domestically, and a majority of its imports come from nearby, purchased from fellow members of the European Union (EU). So what can a U.S. exporter sell? In a word: variety.

When Austrians travel to the United States, they're impressed by a vast choice of foods and wish they had as many options in so many flavors, textures and combinations at home. This suggests that if a U.S. exporter wants to sell to an Austrian importer, the firm should consider what fla-



vors might surprise or intrigue consumers in this region.

For example, "organically produced" breakfast cereals have been losing market share, while fitness cereals with flavors such as banana-chocolate or strawberry are gaining ground.

Ask yourself, what makes your item different? Austria is, for the most part, a saturated market for food, so niche products have the best chance.

Health products that target a particular demographic group have made inroads in the United States—they might also do well in Austria. Drinks to fortify seniors' diets or iron-fortified and soybean-based foods to improve women's health are just a few novel U.S. ideas that could catch an Austrian importer's attention. In addition, con-

sumers like the idea that a product is made just for them.

## Make It Portable, Make It Flavorful

Many other U.S. products could fit into Austria's health-conscious culture with the right marketing. This is particularly true for foods that can be enjoyed during sports and outdoor activities.

"People in Austria are, in general, outdoor-oriented; the national sports are skiing in the winter and mountain climbing in the summer. What really sells in grocery stores—and everywhere else—is trail mix. They call it "student feed" and take it with them on their hikes, climbs and ski trips," said Mustard. "While they do already eat U.S.-style energy bars, that is by no means a saturated market."

Mustard said that because many Austrians would think nothing of a day hike requiring a 10,000-foot climb, portable high-energy nutrition products such as those fortified, high-calorie food bars from the United States could do very well.

### Healthy Revolution Fueled by Young

Health-conscious Austrian consumers looking for low-fat, nutritional products represent a more recent consumer trend.

"America in the 1940s was still pretty much agrarian, and people ate high-energy foods because doing farm labor demanded calories. Things changed when people moved to the cities and took desk jobs," said Mustard. "Today in Austria, you see the younger, urban consumers realizing that the high-fat, high-cholesterol foods their grandfathers and fathers ate may not work for them."

Thanks to this generational dietary change, there is some evidence that omega-3 fatty-acid foods will become popular, thanks to an association with blood-vessel and cardiac health. If the trend takes off, it will be because consumers in their 20s and early 30s have decided that dietary changes are a must in their lives. And if that happens, U.S. fat substitutes—not to mention products made with them—could also do very well.

### Making Fruit and Juices Fun

According to a poll of Austrian consumers, the product groups most associated with health were cold drinks and dairy products. Because Austria is a member of the EU, juice may be a better bet than regulation-encumbered dairy products. But again, creativity counts.

As with grocers in the United States, juices with blended and surprising flavors—such as strawberry, banana or mango—make

the grade. So do products packing a vitamin punch such as added calcium or a special combination of the vitamins A, B and C.

### So Refreshing, So Functional

The market for functional health beverages extends beyond juices. Health drinks have been very well received, especially by Austria's younger consumers.

Green tea is also catching on and finding a rising demand. Mineral waters, particularly non-carbonated ones, are also grabbing market share.

For warm drinks, chocolate-malt flavored, vitamin-fortified products do better than herbal teas.

### Finding a Distributor

While some U.S. distributors work exclusively with functional foods, you can forget about such specialization in Austria.

What the country does have is five or six leading supermarket chains and a constellation of small health-food stores. The health-food stores work exclusively through importers and wholesalers. The superstore power players can use these middle men, but also rely on their own buyers.

Once a U.S. exporter gets a product established in one of the powerful supermarket chains, it is almost guaranteed a standing presence. In Austria, most health-food products are sold in the large supermarket chains: Billa, Spar, Hofer, Adeg, ZEV and Löwa.

### Watch Those Labels

U.S. exporters must take time to read—and edit—the label of the health food products before shipping to Austria. The government forbids ambiguous label claims such as "health drink" or "the healthy plus." Also not allowed are health-related claims such as "prevents heart attacks."



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Some exceptions are possible. There are claims which can be made if the exporter gets permission. An example would be, "omega-3 fatty acids have a positive effect on fat metabolism."

General information such as "whole-some" or "cholesterol-free" does not require permits. If an exporter has any questions, call FAS' office at the U.S. Embassy in Austria before printing labels.

One more note of caution, from Mustard. As a member of the European Union, Austria applies EU labeling regulations, which are detailed in an FAS GAIN report. Exporters should look up *GAIN: BE0010, Food and Agricultural Import Regulations and Standards* and understand it well before shipping. It's available on-line at <http://www.fas.usda.gov/country.html>, and from there, you can check out market reports for more details. ■

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